

Melbourne, 19 August 2024

ASX ANNOUNCEMENT SIMONDS GROUP 2024 FINANCIAL YEAR RESULTS

Simonds Group Limited (Simonds, Group or Company) (ASX: SIO), has today released its Appendix 4E Financial Report for the year ended 30 June 2024 (FY24).

Simonds reported an Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$23.3 million and a net profit after tax (NPAT) at a group level of \$4.0 million.

Results for the financial year ended 30 June 2024:

	FY24 \$ million	FY23 \$ million
Revenue	\$663.5	\$722.4
Earnings before interest, tax, depreciation and amortisation	\$23.3	(\$11.4)
Net profit/(loss) after tax reported	\$4.0	(\$23.3)

FY24 HIGHLIGHTS

- NPAT improved \$27.3 million year on year, with the Group reporting a full year NPAT of \$4.0 million.
- EBITDA increase of \$34.7 million reflects the continued expansion in gross margins and the reduction in overhead expenditure, despite challenging trading conditions. Costs were effectively controlled, and several savings initiatives were successfully implemented, while continuing to invest in the uplift of capability that supports future growth.
- Gross margin growth was generated through the improved margin contribution from alternative sales channels and increased residential profitability as the Group closed out older, low margin jobs.
- Simonds commenced 1,772 site starts during the period, 179 starts below the comparative period in FY23. While challenges within the macroeconomic environment constrained residential construction demand, volumes from alternative sales channels continue to grow, resulting in a more diversified sales mix.
- Revenue of \$663.5 million was \$58.9 million lower than FY23, predominantly due to a lower number of residential jobs on site during the period, partially offset by alternative sales channels which are starting to gain more traction. Display revenue reduced as the Group rephased the settlement of new display homes as it invested in new homes reflecting the upgraded construction standards and aligning to the new product released to the market.
- The Group's liquidity position remains healthy, with available liquidity of \$26.6 million as at 30 June 2024, comprising of \$1.6 million cash on hand and unused banking facilities of \$24.9m.
- The Group's net asset position rose from \$14.5 million as at 30 June 2023 to \$18.5 million as at 30 June 2024.

FY24 OVERVIEW

Commenting on SIO's results for FY24, the Group CEO David McKeown said:

"We are excited to announce our full year results which reflect a \$34.7m increase in earnings year on year while trading through tough market conditions. This is the result of the successful implementation of our strategic initiatives, which include the expansion in alternative channels to market and a disciplined focus on cost management.

The positive result, which has been delivered whilst also investing in new capabilities, products and brand initiatives during 2H FY24, has set the foundation for the Group to further improve profitability and growth into the future.

Looking ahead, we expect the residential market to remain challenged until cost-of-living pressures moderate and affordability and consumer confidence improve. Underscoring the importance of our new, diversified market offerings, we see a number of emerging opportunities in our Knock Down Rebuild, Speculative Build, Medium Density and Social & Affordable housing channels as both wholesale and retail customers seek alternative housing solutions."

GROUP FINANCIAL RESULTS REPORTED FOR FY24

- NPAT improved by \$27.4m given the increase in gross margin and reduction of overhead expenditure. Despite a decrease in turnover, gross margin expanded as reductions in residential turnover was offset by increased residential margins as older low margin jobs under construction settled. In addition, diversification in the Group's revenue mix from new channels supported improving gross margins.
- Effective cost management remains a focus and expenditure is being re-aligned with the requirements demanded by the changing channel mix. This was achieved while investing in new products, marketing capability and alignment of designs to the new construction and energy legislation.

Commentary for key balance sheet items for the Group during FY24 were:

- The Group maintains a disciplined approach to balance sheet management while rebuilding capacity to support sustained future profitability.
- Healthy liquidity position of \$26.6m (cash equivalents and unused facilities) provide flexibility to fund working capital requirements and allocate capital to initiatives supporting future growth.
- Working capital remained stable while funds were utilised to support the investment in Display inventory, alternative sales channels and new operational capability.
- Net assets increased from \$14.5 million as at 30 June 2023 to \$18.5 million as at 30 June 2024.

OUTLOOK AND FUTURE DEVELOPMENTS

The Group remains optimistic about the longer-term trading performance given improved business fundamentals and the emergence of opportunities through alternative sales channels. Whilst we acknowledge the short-term challenges of Retail demand and affordability negatively impacting the residential market, we note the ongoing undersupply of homes nationally presents a significant longer-term opportunity for the Group.

The Group continue to invest in the resourcing of alternative channels to mobilise further growth and ensure effective delivery in these channels. Speculative builds and Medium density developments are considered a strong medium-term area of growth.

DIVIDENDS

The Directors have determined that no dividend will be declared in relation to the period ended 30 June 2024. The Group will focus on rebuilding the net asset position. Future dividends will be subject to the directors' assessment of the Company's financial position at the appropriate time.

- ENDS -

For more information, please contact:

David McKeown
Group CEO
Ph: +61 3 9926 3151

Authorised for lodgement by the Simonds Group Limited Board of Directors.

For personal use only